



March 29, 2020

Economic Support Working Group  
House Select Committee on COVID-19  
North Carolina General Assembly  
Legislative Building  
16 West Jones Street

Dear Chairwoman Howard, Chairman Saine, Chairman Wray and Members of the Economic Support Working Group,

On behalf of the Asian American Hotel Owners Association, I am asking for your dedicated efforts to support America's hoteliers during this health and financial crisis caused by the outbreak of the COVID-19 virus. AAHOA represents nearly 20,000 small business owners who own nearly 50% of all hotel properties in the United States and more than 500 members in North Carolina, 76 of whom are constituents of this Working Group's members. Our members are predominantly first and second-generation small business owners with a strong appreciation for the opportunities offered by North Carolina's thriving free-market economy. Moreover, AAHOA members employ more than 600,000 American workers and contribute to the national economy through job creation, real estate development, and community investment.

For hotel owners across the country, the primary objective during this outbreak has been to ensure the health and safety of guests and employees at our properties. Since the first cases of the coronavirus were reported in the United States, hoteliers have implemented increased sanitation protocols, provided specialized training to staff, and doubled down on the monitoring of our facilities. As hospitality professionals and service industry employers, hoteliers are wholly committed to caring for both the guests that stay with us and the dedicated employee partners who serve those guests.

Over the past several weeks, it has become clear that maintaining clean and safe hotels is not enough to ensure continued travel throughout the country. As the virus has spread and governments, businesses, and communities have limited travel out of caution and care, hotels have seen a dramatic and previously unanticipated drop in occupancy. As conventions, festivals, shows, concerts, sporting events, weddings, and gatherings of all kinds have cancelled, the effects have been devastating to your local community businesses that depend on tourists and travelers to survive.

The hotel business is small business. Employers and employees are very close and often spend years and careers working together. In our business, occupancy rates are the key metric for hotel

owners and their employees. As occupancy falls, it becomes increasingly difficult to pay the mortgage from month to month. There are also fewer guests to serve, rooms to clean, passengers to shuttle, and meals to prepare.

Consequently, hoteliers and their employees are suffering at levels that have not been seen in recent memory, and in some cases, ever. This is not simply a storm that the industry will weather as we have done before. It is a shockwave that will have consequences and repercussions for years to come. The virus has and will continue to devastate our industry. I have already heard from our members who do not know how they will keep their doors open in the next two months, who have been forced to lay off employees who have been with them for nearly a decade, and who are extremely fearful of the uncertainty surrounding this truly existential crisis.

We appreciate the importance of the deliberate nature of your work on the pandemic response statewide. We recognize the importance of first working to address the immediate health risks for all Americans and to ensure the scientific community has the tools necessary to ensure public safety. We also appreciate your work in next addressing some of the most vulnerable members of society who are suffering from the economic impacts of this emergency in providing a safety net to American workers.

As a next step, I urge you to champion the cause of small businesses and the travel and tourism industry. Most importantly, small businesses need economic relief so we can pay employees and meet expenses. We strongly encourage you to support these proposals:

#### **Tax Relief:**

- Suspend or defer payment of quarterly income taxes, monthly sales taxes, local occupancy taxes, payroll taxes, unemployment taxes and corporate franchise taxes indefinitely.
- Authorize tax credits for businesses who retain employees during the COVID-19 crisis.
- Suspend indefinitely business improvement fees/taxes.
- Suspend or defer payment of 2020 property taxes to city and county governments.
- Quickly refund overpayment of estimated taxes.
- Tax credits with expedited processing for retaining employees during the COVID-19 crisis.

#### **Assistance for Small Business Owners:**

- State grants or no interest loans to small businesses to retain employees; ensure that such support to open any business that can easily demonstrate significant hardship.
- Business Interruption Coverage insurance is not covering losses due to COVID-19. Other states, such as New Jersey have filed legislation that would require carriers to pay for business interruption losses due to COVID-19.
- Allow establishments who can pay their employees during this interim period and not lay them off to be reimbursed from the N.C. Unemployment Trust Fund rather than unemployment being paid to the employees. This would be a method to put employees on a “stand-by status” to allow for quick reengagement instead of lay-offs.
- Bridge employment retention –we need to keep people on as employees – and get them

back in the hotels as soon as possible when we are cleared– by tapping into government support. Washington State has just passed similar legislation.

- Prohibit utilities (including cable and phone) from shutting off services to hotel owners during the COVID-19 crisis due to lack of payment. At the very least, we will need significant increases in payment periods, or deferral of taxes on these services.
- Extend the window for hotel owners to make payments on COVID-19 related expenditures.

**Government Mandates:**

- Suspend any government mandates set to come into effect in the next two months.

Enacting relief at your level of government will help to stimulate your local economy at a time when it badly needs it. I appreciate your consideration and look forward to working with you and the Economic Recovery Working Group on additional ideas that will help North Carolina's economy to recover.

Sincerely,



Cecil P. Staton  
President and CEO  
AAHOA